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Mrs. Kathleen N. Straus, President  
State Board of Education  
608 W. Allegan  
P.O. Box 30008  
Lansing, Michigan 48909

Dear President Straus,

On behalf of the superintendents in Tri-County Alliance for Public Education, I thank you for elevating the dialogue surrounding the school funding crisis developing in our state. By asking Superintendent Tom Watkins to write a call for dialogue, input and action, together you have endorsed the fact that there are indeed structural issues underlying this crisis which must be addressed now.

We believe that the gravity of this funding crisis requires dialogue and action among all constituencies with an investment in the continued effectiveness of Michigan's public education system. We find it difficult to imagine a population this does *not* include. In other words, anyone invested in Michigan's future needs to be concerned about the quality of our state's K-12 education system today. At a time when our state economy suffers during a tediously slow economic recovery, we cannot afford to jeopardize the educational foundation of the very students whom we want to lead Michigan's economy tomorrow. We sincerely hope that Superintendent Watkins' paper will spur a more rapid pace in the work which is needed to forge solutions.

We appreciate Superintendent Watkins' support for an Adequacy and Equity Study to define the cost of educating a child in Michigan in 2005. This is a concept which was surfaced by the Tri-County Alliance last spring, and we continue to believe it is one of the blocks in the foundation of a revised, long-term funding solution. As his paper outlines, more than half the states in our country have undertaken, or are currently engaged in, this type of inquiry; and, in case after case, states have recognized the need to correct an inadequate or inequitable funding structure. We must not delay in undertaking this study. We must be certain that it is designed and conducted by those well-equipped to grasp the financial realities of the educational process. And, we must garner the courage to respond appropriately to the study's results.

Similarly, the Tri-County Alliance supports continued efforts, both locally and statewide, to create operational efficiencies that stretch the education dollar. Many of our districts already have joint operating agreements among districts, or with local governments, that allow districts to contain certain costs while enhancing educational program. We embrace our responsibility to be stewards of our districts' resources and continue to seek out these opportunities.

On behalf of the Howell Board of Education and the School Districts of Brighton, Hartland, Pinckney and Fowlerville, I would like to speak about financial dynamics we, as Districts, are experiencing in Livingston County as a result of current statewide funding issues.

- According to figures compiled by the Building Industry Association of Southeast Michigan, single family **home permits statewide** grew by **1.63% from 2003 to 2004**. In **Livingston County**, they grew by **over 19% during that same time period**.
- As a result of this housing growth, **Livingston County** has seen its **K-12 student population** grow approximately **10% since 2000**. This trend is expected to continue for several years.
- According to the report authored by Dr. David Plank and Dr. David Arsen in November 2003 regarding Michigan School Finance, this **“growth” dynamic we are experiencing puts Livingston County Districts** in the **“lucky districts category”**.

#### THAT LUCK IS ABOUT TO CHANGE

- While **growth is good, new buildings are expensive** to build and operate. Utilities and maintenance alone run **\$4.25 per square foot** at a minimum. Added to this is the lack of growth in the foundation grant (which represents 92% of funding for Livingston County schools). This short fall in revenues has resulted in millions of dollars in reductions these past 2 years.
- We are doing business in a **county that ranks in the top 3 in wealth in the state**, yet collectively our total revenues per pupil rank near the bottom when compared to all school districts in the state.
- According to a 2004 Senate Fiscal Agency report, Livingston County Districts would have **41% more funds to operate our schools if there were no Prop A in place**.
- Even calculating cost containments, particularly in the area of health insurance, our “lucky” districts will nonetheless collectively experience over \$50M in debt over the next 3 fiscal years.
- This lack of funding has reduced or eliminated many of the programs that our parents and students anticipate. **Reasonable class sizes, free athletic participation, free co-curricular transportation, gifted and talented programs, media center staffing, seven periods at the middle school level** and other such programs have all been severely compromised.
- Collectively, even with the growth and fiscal prudence, our Districts are suffering now, financially, and will be at the **“crisis” stage in one year**.
- The **funding mechanism for schools is broken**. The Bursley “power” equalizing formula that funded schools in the 70’s and 80’s “broke” in 15 years. Prop A, as we currently know it, has run its course as well. Stabilizing the funding sources is a critical component of that.

We are hoping that a Livingston County enhancement millage request this spring, which in essence translates to a survival millage, will provide the relief we desperately need. If we cannot pass this in a county that has money and is as homogenous as any county statewide, then others that aren’t in the “lucky districts” category will have far greater challenges ahead than we face.